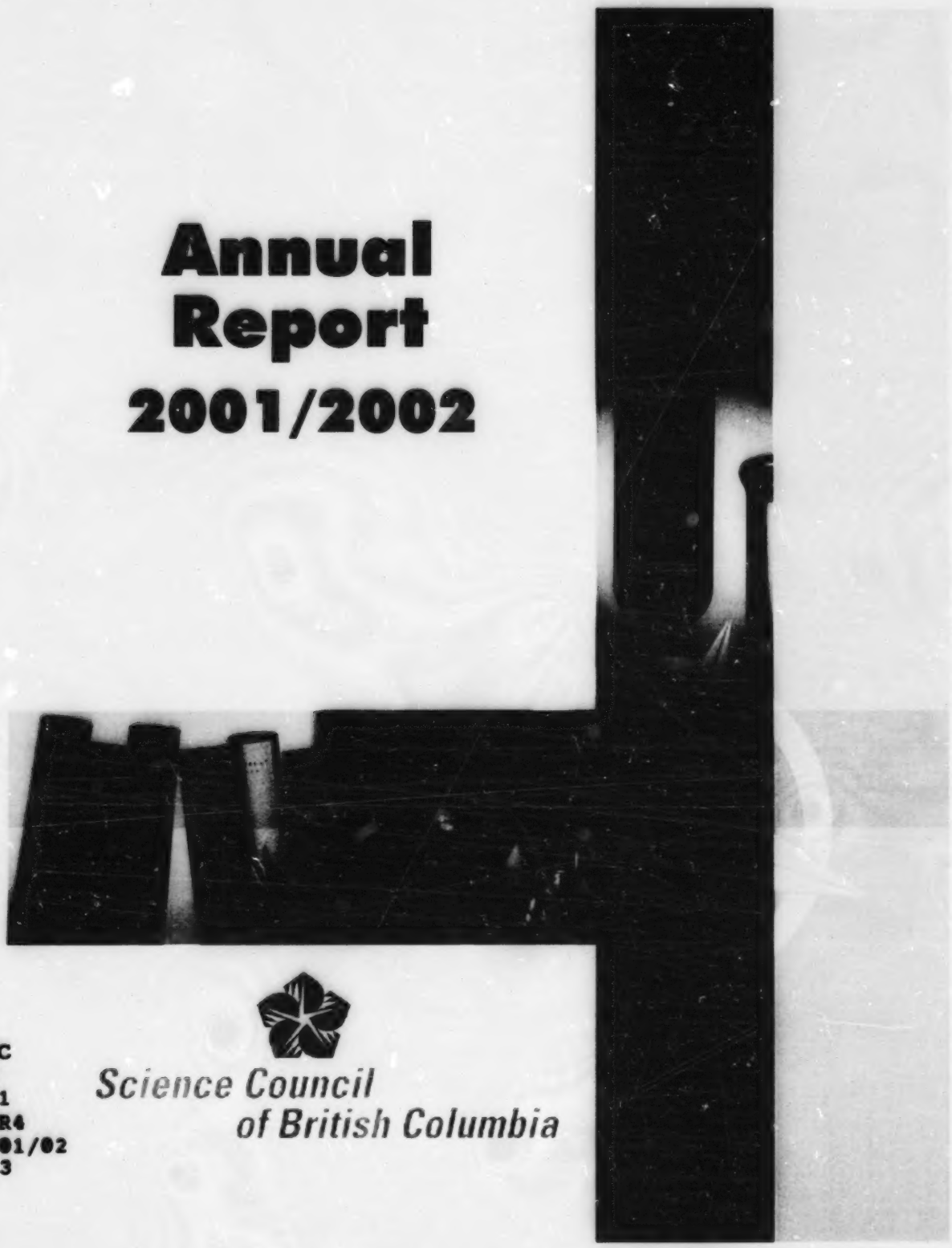
Annual Report 2001/2002



DOC
BC
S31
B:R4
2001/02
c.3

Science Council of British Columbia

LEGISLATIVE LIBRARY OF BRITISH COLUMBIA
3 3298 00265 2643
102-06805/

SCBC Annual Report 2001/02

Table of Contents

Organizational Overview 2

Message from the Chair 3

Message from the President 4

The Year in Review 6

Report on Performance 9

Goal 1: Encourage science and technology-based business development 10

Goal 2: Stimulate strategic job creation and skill development 13

Goal 3: Foster innovative research and development 16

Goal 4: Increase awareness of science and technology opportunities 19

Financial Report 23

Corporate Governance 24

Glossary 27

Attachment 1: Audited Financial Statements – March 31, 2002

LEGISLATIVE LIBRARY
JUL 15 2002

Organizational Overview

The Science Council of British Columbia is a Crown agency created under the Science Council Act. In existence since 1978, it is mandated by the Act to carry out a broad range of functions pertaining to research, science and technology (S&T). The province funds the Science Council's base budget through the Ministry of Competition, Science and Enterprise. The Science Council also undertakes projects funded under contract with other public and private organizations.

Vision

The Science Council of BC will be the province's preeminent organization on scientific and technological matters to promote economic development.

Mission

To promote economic development – which in turn enhances the quality of life for our residents – across BC, through innovative applications of S&T.

Values

The Science Council's staff and volunteers are recognized as the key source of the organization's strength. The values that guide the Science Council's organizational behaviour are accountability, effectiveness, flexibility, credibility and creativity.

The Science Council is committed to being accountable to the province's residents and making the best use of public funds. It anticipates and responds to issues related to S&T that affect the province and seeks innovative approaches to better serve the public interest. The Science Council is committed to fulfilling the elements of its responsibilities defined in the Science Council legislation and supported by government.

Core Services

In fiscal year 2001/02, the following core services were identified:

1. Delivery of initiatives related to research and student support. This involves the funding of research, facilitating technology transfer and delivering scholarships and other skill development initiatives.

2. Analysis and assessment of science, research and technology matters. This includes the advice to government, and coordinating and integrating research and development (R&D) priorities, activities and investments.

3. Development of public and corporate awareness of scientific and technological opportunities. This involves building support for science, research and innovation in the public media and the investment community.

Message From The Chair

The essence of innovative organizations like the Science Council of BC is that they are prepared to evaluate, analyze, and refocus their activities to meet changing circumstances and new opportunities. As well as being an exciting and challenging time for the Science Council, this year has also tested its innovative capacity. The change in government brought a new provincial agenda with new priorities. This created a need for the Science Council to review and assess how it delivers on its science and technology mandate. The whole organization has undertaken this work with care and enthusiasm and in the process has demonstrated its continued innovation.

The Science Council's path forward involves a shift in focus. The direction set out in 2001/2002 moves the Science Council towards an assessment, analysis, and advisory role on science and research matters. It is well recognized that science and technology are the driving forces of economic growth in a successful knowledge-based economy. Our mission to promote economic development through science and technology remains, but greater emphasis is being placed on supporting research, driving innovation, and creating public awareness.

As the 2001/2002 operating year closes, so does my tenure as a member of the Science Council's board. I have been honoured to serve as board chair over the past three years and my appreciation for the Science Council's impact on science and technology has grown substantially. British Columbians can be proud of this unique organization and the substantial return on tax dollars invested in it.

I encourage you to review this report carefully and consider the important role that the Science Council is playing to foster a culture of innovation in BC. Our Web site offers further information in the form of publications, reports, and newsletters and I am confident that you will be impressed with what has been accomplished over the past year.

I have come to realize that the Science Council is not just its dedicated board members, or capable management and staff, or committed volunteers. It is also more than its strong ties to government, academia, and the business community. Instead, it is the synergy generated among the communities and people involved that is the essence of what makes the Science Council a relevant and important organization. I would like to thank the board members, the volunteers, and the staff of the Science Council for their efforts and service. I would also like to take this opportunity to thank Minister Rick Thorpe for his support and encouragement of the Science Council's work. It is through the combined efforts of everyone involved that the Science Council continues to be a vibrant and innovative organization working for British Columbia.

Mr. Monty Little
Chair
Science Council of British Columbia

President, Syndel Laboratories Ltd.

Message from the President

For almost 25 years the Science Council has been focused on building British Columbia's technology-based industries, assessing issues and opportunities, advising government on policy, and delivering programs. And we have not done it alone – tremendous volunteer inputs have contributed to our remarkable record of successes. This report on the Council's 2001/2002 activities demonstrates again the Council's effectiveness at these tasks. We are proud of our achievements and our positive impact on science and technology development in British Columbia. Our program initiatives, skills development projects, awareness activities and research have all contributed to the achievement of the Council's goals.

This year, the provincial government reviewed the work of all crown agencies. With guidance and direction from the Honourable Rick Thorpe – the Minister responsible for the Science Council – the Council's mandate and future role have been refined to better reflect the new objectives of the government. The context for our operations is changing significantly and we have responded with increased flexibility and a strategic plan to meet BC's growing opportunities in the science and technology sector.

Outcomes from the provincial government's 2001/2002 core services and business subsidy reviews included the termination of the provincially funded Technology BC program as well as two other research programs in forestry and fisheries. The overall impact of these changes has been a significant shift in the Council's activities away from provincially funded program delivery. As the Science Council managed the process of winding down these programs, our program delivery agreements with IBM and Discovery Parks continue to thrive.

Looking ahead, the Science Council's changing role will focus increasingly on science, innovation, and the discovery and development of knowledge in BC – specializing in early stage technology transfer and commercialization. The Science Council's reputation is as a respected and objective arms-length agency and the Council is uniquely positioned with governments, academia, business and the public. Building on this reputation and our relationships, we will encourage more public dialogue on S&T matters, improve science awareness and create a receptive environment for technology and innovation development in British Columbia.

The Council has faced several operational challenges over the past year, including budgetary pressures, lack of continuity of Board appointments and uncertainties about programs and future mandate. The strong commitment and leadership of our Chair, Monty Little; our Vice Chairs, Deborah Poff and Don Rix; the board; plus the support of Minister Rick Thorpe and the staff in the Ministry of Competition Science and Enterprise, have been instrumental in seeing the Council through these challenges and positioning the Council for the future. Our staff have also shown tremendous flexibility in light of the many changes that have occurred this year. I want to thank them personally for their continued commitment and professionalism.

In addition to our collegial working relationships with the Ministry of Competition, Science and Enterprise and with other provincial ministries, I would like to recognize a few of the many other organizations that the Science Council has worked with over the past year. Among them are the National Research Council, Science World, Discovery Parks, Vancouver Island Advanced Technology Centre (VIATeC), the BC Technology Industries Association, the Canadian Manufacturers and Exporters, Western Diversification, Industry Canada, Computers for Schools, and the BC Science Fair Foundation. The partnership and support of these and our other sponsors and partners are greatly appreciated and important for our success. Thank you!

Finally, I want to thank the volunteers who have provided their valuable time and expertise to our organization. Many have been involved in the peer review process with programs such as Technology BC. As the Science Council refocuses its activities in the coming year, we look forward to many of our volunteers continuing their connection with the Council in new ways and with new activities.

We close the 2001/2002 year with pride in our accomplishments and with our thoughts focused on the changes and challenges ahead for the Science Council in 2002/2003.

Dr. Jim Reichert
President

The Year In Review

As part of the government review process, the Science Council re-defined its core services during the year. Considering roles and responsibilities most relevant to the public and suitable for government involvement, these core services are:

- Delivery of research and student support.
- Analysis and assessment of S&T matters.
- Awareness of S&T opportunities.

Adaptations were made to support shifts in government priorities. The Technology BC program was wound down as a result of the provincial government's business subsidies review. Activities are expected to be repositioned to support technology transfer processes. Analysis and coordination capability was strengthened. The Science Council assumed a growing role in addressing key S&T issues through studies and reports. The Council also promoted collaboration and stimulated innovative activities in key sectors of the economy.

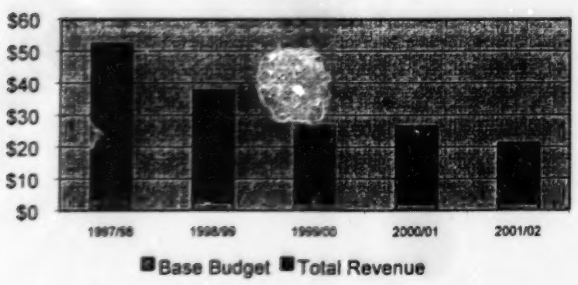
The Science Council's base budget for core operations has remained at the $2 million level. However, funding for programs delivered under contract with other public organizations, such as Forest Renewal BC and the Information Science and Technology Agency, continued to decline. Total revenue dropped to $19 million in fiscal year 2001/02.

Similarly, award expenditures for grants funded under various contracts decreased in recent years. Non-award expenditures for science awareness, research and assessment, and international initiatives, which are funded mainly from the base budget, were sustained.

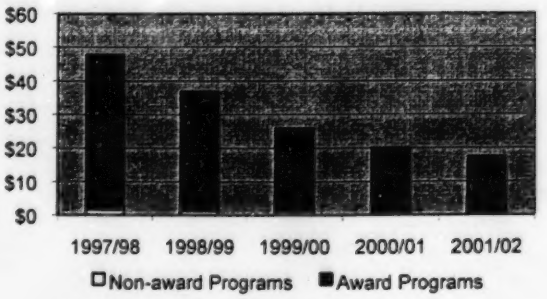
Performance measures indicate a shift towards results, client satisfaction and a more targeted approach in activity implementation.

Overall, the Science Council achieved its performance targets for the year as shown by the key performance measures.

Total Revenue and Base Budget ($ Millions)



Award and Non-award Expenditures ($ Millions)



Key Performance Measures

Completed R&D Projects Achieving Technical Objectives

Target: 75% **Performance: 90%**

The percentage of completed projects meeting their technical objectives measures the success of R&D projects delivered under contract by the Science Council. Performance was higher than the minimum historical success rate for R&D projects.

Students Supported with GREAT & IBM Scholarships

Target: 60 **Performance: 66**

Scholarships assist students in achieving goals, giving access to education and developing long - term science goals. Performance was higher than target as funding was freed up by some students who did not use the full scholarship amount.

Leverage Ratio

Target: 1 : 1-1.3 **Performance: 1 : 1.2-3.0**

Leverage ratio measures partnerships with industry, academia and government and reflects the Science Council's ability to remain an efficient vehicle for S&T activities. Funds leveraged of every dollar Science Council spends in funding Graduate Research and Technology (GREAT) scholarships, aquaculture R&D initiative and on-going Technology BC projects exceeded expected levels.

Research and Analysis of Key Issues Relating to Opportunities and Barriers in Science and Technology

Target: 2 **Performance: 6**

The number of completed studies reflect efforts to address key S&T issues in the development of an innovation-based economy. Higher performance indicates the growing role of the Science Council. Completed studies included: work/life balance business practices in the high technology sector, evaluation of the Technology BC and GREAT programs, and development of the aquaculture R&D priorities and the co-ordinated communications strategy.

New Request for SCBC Coordination and Facilitation Role

Target: 1 **Performance: 1**

New requests reflect initiatives by the Science Council to respond to a perceived need or a direct request for assistance from a sector to improve collaboration and accelerate the innovation process. Performance met the target where the new request for the year was to develop the *Framework for BC Aquaculture R&D Priorities.*

Key Performance Measures Cont'd

Participants' Rating of Human Resource Development Events

Target: 67% rate good or better **Performance: 85% rate good or better**

Participants' rating reflects effectiveness and success of human resources development events undertaken in collaboration with other organizations. Ratings of sponsored events with the BC Technology Industries Association and Women in Technology exceeded expectations.

BC as an R&D Hub - Champions

Target: 20 **Performance: 28**

Champions are senior BC executives who have committed to promote the advantages of BC's research sector with their counterparts in Asia and/or support local promotional efforts through their international business activities. Response was better than expected.

Sponsorships and Ticket Sales for Science Council of BC Awards

Target: 5% increase in sponsorships **Performance: 5% increase**

100% ticket sales **108% ticket sales**

Award sponsorship indicates alleviation of event costs, and ticket sales reflect the level of interest and support by members of the S&T community. Performance met target for sponsorships and exceeded target for ticket sales as additional attendees were accommodated.

Report On Performance

The Science Council implemented its performance plan for 2001/02 by pursuing four strategic goals. They are designed to achieve its mission of promoting economic development across the province through innovative applications of science and technology. The four strategic goals are:

1. Encourage science and technology-based business development.

2. Stimulate strategic job creation and skill development and initiate labor market studies.

3. Foster innovative research and development.

4. Increase awareness of science and technology opportunities.

In Goal 1, S&T-based business development was encouraged through a combined business and sector-level approach. At the business level, small-and-medium-sized technology businesses continued to be the focus for on-going projects of the Technology BC program and in the promotion of international S&T business opportunities. At the sector level, the focus was on development in the aquaculture sector, developing opportunities for collaboration and innovation.

In Goal 2, as the Science Council is not in a direct position to create jobs or deliver education, a collaborative approach was adopted to provide student support for post-secondary education. This was done by organizing events that brought students into contact with S&T businesses. This encouraged other organizations to support S&T career promotion and development.

In Goal 3, the Science Council supported R&D activities as fundamental elements of innovation and economic growth. Non-traditional sources of funding were also explored. Opportunities to increase R&D activity were identified and developed.

In Goal 4, the Science Council adopted targeted efforts to increase awareness of S&T opportunities by defining audiences, creating electronic publications, and emphasizing corporate success stories.

The Science Council was active in three categories during fiscal year 2001/02. First, programs for R&D and student support; second, skill development and research/analysis to support BC's emerging innovation economy and third, promotion of public awareness of S&T issues.

Goal 1: Encourage Science and Technology-based Business Development

Programs

Technology BC, the program that offers financial support for applied R&D to small, early-stage technology companies, was put on hold in August 2001 and wound down in January 2002. This was the result of the new government's business subsidies review. The number of projects funded by this program has declined in recent years. Of the 43 projects due for completion during the year, 81 percent (35 projects) achieved their technical objectives, exceeding the target of 75 percent based on the minimum historical success rate. In the coming years, efforts in this area will be repositioned to assist and support technology transfer processes.

The Science Council responds to requests to co-ordinate R&D investments in key sectors. This involves assisting stakeholders to establish a shared vision, priorities, or an R&D investment plan. The Science Council continued its involvement in the aquaculture sector to fulfill a new request for the development of a framework to identify industry-oriented R&D priorities. To serve as a guide in administering the province's R&D funds and promote collaboration among the various groups, the *Framework for BC Aquaculture R&D Priorities 2001* was released in November 2001. In recent years, the Science Council has played a co-ordinating role to stimulate innovative activities in the forestry resource and products sector. Requests for co-ordination in key sectors are expected to increase in the future as the need for improved efficiency is addressed.

Skills Development, Research And Analysis

A number of reports have been published regarding specific issues affecting BC's transition to an innovation economy. In line with being client-driven, subscription and use of published reports were tracked for the first time. The published reports tracked were: *State of the High Technology Sector in BC: Inaugural Benchmark Report*, released December 2000; *Moving Ahead: Science and Technology in BC Forest Resource Management*, released January 2001; *and Balanced Books, Balanced Lives?, released June 2001* and *Framework of the BC Aquaculture R&D Priorities 2001*, released November 2001. Subscriber demand averaged 50 per report, and an average of 77 percent of readers rated the report as useful. Reports and studies about the development of the BC innovation economy will be expanded and closely linked to government policy discussions over the next three years. Four projects and four instances of advice are planned annually.

S&T Awareness

The R&D Hub initiative was conceived by senior, private-sector executives volunteering for the Science Council. Twenty-eight experienced BC executives have committed to serve as Champions in promoting the benefits of BC's R&D capabilities with their counterparts in Asia and/or support local promotional efforts. The number has exceeded the target for the year. It is expected to increase to 35 over the next three years.

In addition to the R&D Hub, other projects were initiated. The goal was to increase awareness of the S&T capabilities of BC companies and to attract international investment to the sector. They were the European Community-Canada Seminar on Joint Research for Arctic/Northern Dimensions; the International S&T Database; the Project Proposal of the Science Council and the BC Institute of Technology for Philippine SME (Small and Medium Enterprises) development for CIDA (Canadian International Development Agency); and the International S&T Business Mentoring program with VIATEC (Vancouver Island Advanced Technology Centre). Eighty percent of the initiatives were successfully completed. The mentoring project was not launched due to implementation problems at the pilot stage. The project proposal to CIDA received favourable feedback. In the context of its Memorandum of Understanding with the Philippines, the Science Council was selected to negotiate a contract to implement the PEARL (Private Enterprise Accelerated Resource Linkage) Project II. Initiatives are planned for the next three years and performance assessments using client satisfaction ratings and successful completion data will be utilized.

As a Crown agency in a unique position to co-ordinate with many S&T organizations with specific mandates, the Science Council used some of its resources to sponsor relevant activities. It supported several successfully completed endeavours. For example, the SFU-Food of the Future, the UVic-Canadian Association of Physics Congress, the Vancouver Enterprise Forum (where attendance has more than doubled in the last three years), and T-Net BC whose Web site has more than 100,000 unique visitors per month. The Science Council plans to continue its support of S&T-oriented activities in the future. Participant satisfaction or project success will be documented and analyzed.

Goal 1 performance measures are summarized on the next page.

Goal 1: Encourage Science &Technology-based Business Development

Activities	Measures	Results			Targets			
		1999/00	2000/01	2001/02	2001/02	2002/03	2003/04	2004/05
Technology BC	Number of new projects funded	39	24	**Program terminated**	24	Initiatives to assist and support technology transfer processes based on new Science Council mandate		
	Average value of funding	$139,000			$150,000			
	Leverage from matching funds	1:1.6			1:1.3			
	Completed projects achieving technical objectives	78%	95%	81%	75%			
Coordinating R&D investments for key sectors	New requests for staff to fulfill coordination & facilitation roles	1	2	1	1	2 per year		
Tracking innovation economy trends	Subscriber demand & use surveys of published reports on average	Not applicable (NA)		**Baseline established**	**Establish baseline**	Research, analysis and assessment of key issues on science, research, development and innovation economy: 4 projects, 4 instances of advice / recommendations and 2 studies published per year; at least 75% of readers rate published reports useful		
R&D Hub initiative	Recruitment of BC proponents	NA	Initiative launched	**28 champions**	**20 champions**	**25**	**30**	**35**
Initiatives to increase awareness of & opportunities for international S&T business	Participation levels, client surveys, responses etc. as appropriate to each initiative	400–500 participants in briefings, seminars, etc. per year		**80% of initiatives completed successfully**	**67% rate good or better overall**	75%–80% rate satisfactory or better		
Sponsorship of S&T organizations	Evaluation surveys	Ave. 9 organizations sponsored per year		**Success evident in participants feedback & increase in number**	**Anecdotal evidence of success**	Encouragement and collaboration with others e.g. international events: at least 75% of participants/clients rate activity satisfactory or better		

Goal 2: Stimulate Strategic Job Creation and Skills Development

Programs

The Science Council organizes a career development seminar annually for high-school science students from around British Columbia. The student career development event coincides with the Science Council awards dinner. In collaboration with the Science Fair Foundation, BC students who participated in the national science fair competition are brought to Vancouver for an opportunity to meet with career role models from the business and academic communities. To assess its effectiveness in demonstrating the variety of career options in S&T, students' interest in pursuing the S&T career path was measured for the first time. Survey results showed that 53 percent of students intended to pursue an S&T career while 41 percent were undecided. The large percentage of undecided students was thought to be the result of the wide age range - Grade 8 to first year university. Future surveys will measure career intentions of senior students separately, as well as the overall value of the program.

Skill Development, Research And Analysis

The GREAT (Graduate Research in Engineering and Technology) program offers up to $20,000 annually to graduate students conducting research in collaboration with a BC company. IBM Canada Ltd/Pacific Development Centre scholarships support 10 high school students annually for 5 years for post-secondary studies. To qualify, they must be studying information technology at a post-secondary institution full-time. Scholarships are valued at $10,000 per student. GREAT and IBM funds supported a total of 66 students during the year. Although 50 students were targeted for GREAT scholarships worth $1million, 6 more were supported due to amounts freed up by students who did not use the full amount. The leveraged funding from companies participating in the GREAT program exceeded the target, thus the ratio of $1.20 for every $1 of Science Council funding. Following the mandatory 35 percent reduction in government expenditures, the number of GREAT scholarships will be reduced during the next three years.

The initiative to track S&T education trends was deferred due to lack of funding. It will be carried out next year as part of expanded research and analysis of key issues on S&T skill development and job creation. Two studies are expected to be published each year.

The "Careers of the Future" was held as an employee-employer event designed to create awareness of career opportunities in S&T sectors. Surveys of participants indicated that 98 percent considered the event valuable, which is higher than expected.

S&T Awareness

The Science Council initiated regular meetings/networking of organizations focused on S&T issues for K-12 students. The lack of funds among organizations involved became one of the challenges in performing an effective co-ordination role. The activity was deferred and will be modified under initiatives to encourage

increased participation in S&T education and careers.

The Science Council continued its sponsorship of human resources development activities by other organizations. The Science Council contributed staff, expertise and limited funds as an effective method of focusing resources. It was involved in the Steering Committee of the Women in Technology, a special interest group of the BC Technology Industries Association. Seven events were organized. Topics ranged from "Managing Career Expectations" to "The Future of Technology and Mobile Conference". On average, 85 percent of the participants rated the events satisfactory or very satisfactory.

Goal 2 performance measures are summarized on the next page

Goal 2: Stimulate Strategic Job Creation and Skill Development

Activities	Measures	Results			Targets			
		1999/00	2000/01	2001/02	2001/02	2002/03	2003/04	2004/05
Science fair students career development	Survey of students' opinions / perceptions of science careers after event	55 students participating per year		**53% intend to pursue and 41% undecided**	**75% strongly intend to pursue education in S&T**	*75% plan for S&T career; 80% rate event valuable*		
GREAT & IBM scholarships	Number of students supported	86	79	66	60	65	50	35
	Scholarship funding	$1.5 M	$1.4 M	**$1.1 M**	**$1.1 M**	$1.3M	$1.0M	$0.70M
	Leveraged funding (GREAT only)	1:1.4		**1:1.2**	**1:1**	1:1		
Track S&T education trends; publish reports	Subscriber demand & use surveys	NA		**Deferred**	**Establish baseline**	Research & analysis of key issues on S&T skills development and job creation: 2 published studies per year; at least 75% of readers rate published reports useful		
Employee/ employer events	Participant response to/rating of events	2–4 events held per year		**98% rated event valuable**	**67% rate good or better**	Initiatives to encourage increased participation in S&T education and careers: at least 75% of participants/clients rate event/initiative satisfactory or better		
Coordinate regular meeting / networking of organizations focusing on K-12	Participation rates & satisfaction surveys	NA		**Deferred**	**67% rate good or better**			
Sponsorship of HR-related activities by other organizations	Participant response to/rating of events	2–5 activities sponsored per year		**85% rated event satisfactory or better**	**67% rate good or better**	Encouragement of S&T organizations to pursue supporting activities: 2 instances of supporting activities per year		

Goal 3: Foster Innovative Research and Development

Programs
The Science Council delivered the following R&D-related programs:

The *Technology BC Program,* which offers financial support for applied R&D to small, early-stage technology companies.

The *Forest Renewal BC Research Program,* which supports research in seven key areas: Sustainable harvests, environmental values, sustainable forest management, expansion of the value-added sector, workforce development, forest community support, and increased effectiveness of Forest Renewal BC.

Fisheries Renewal BC, a relatively new provincial research program aimed at improving fish stocks and habitats.

Science & Technology Infrastructure Program (STIP) created by the Science Council in collaboration with Discovery Parks to help applicants develop successful proposals for federal government support. STIP awards a maximum of $20,000.

Knowledge Development Fund (KDF) enables researchers in BC to receive significant matching grants for funding applications to the Canada Foundation for Innovation. The Science Council provides administrative and logistical support for the application review.

On average, 90 percent of R&D-related projects met their technical objectives, higher than the minimum historical success rate of 75 percent. The fisheries R&D program was discontinued as part of the winding down of Fisheries Renewal BC. The forest R&D program will also be wound down. The S&T Infrastructure Program and Knowledge Development Fund are expected to continue.

The Science Council initiated efforts to find alternative sources of revenue to compensate for reductions in traditional funding. A feasibility study on the creation of a Science Council Foundation with contributions from the private sector was conducted. The framework for the proposed Foundation has been developed and registration requirements prepared.

Skills Development, Research And Analysis
As presented in Goal 2, GREAT and IBM scholarships supported a total of 66 students. Performance exceeded the target as funding was freed up by students who did not use the full amount of GREAT scholarships.

S&T Awareness
Issued in December 2000, the inaugural benchmark report, *State of the High Technology Sector in BC*, was designed to continuously assess progress in the sector as compared to other jurisdictions in North America. Requests for additional funding were not granted. In addition, the Ministry of Competition, Science and Enterprise and BC Stats have published similar reports on input indicators and profiles of the BC high technology sector for 2001. In its place, innovation benchmarks will be carried for the next three years.

As presented in Goal 1, 28 outstanding BC executives have committed to champion BC as an R&D Hub. The number of Champions recruited exceeded the target for the year. It is expected to increase to 35 Champions over the next three years.

The Science Council continued to serve as the co-ordinator and facilitator of aquaculture R&D. This has brought industry, academia and governments together to develop a strategy for enhancing the competitiveness and environmental sustainability of the sector. As planned, $100,000 in funding commitments was generated to support the creation of an aquaculture R&D program that includes two pilot projects. An additional $298,000 was leveraged from the federal government, Fisheries Renewal BC and industry, resulting in a 1:3 ratio. A total of $10,000 was secured, covering all program delivery costs. The aquaculture R&D initiative will be continued and serve as a model for improving efficiency in the delivery of government R&D investments.

One of the most notable events promoting public awareness of science is the Science Council of BC Awards. It is the premier occasion for recognizing excellence in the province's S&T community. Six awards are bestowed annually to winners drawn from province-wide nominations. While the target fell short of 50 nominations, the 33 received were considered satisfactory because of fewer renewal nominations compared to the previous years. Efforts to increase the number of nominations by five percent every year continue.

Except for the Technology BC Program, which was terminated, available funding was committed to the following projects: Forest Renewal BC, Fisheries Renewal BC and S&T Infrastructure Programs. On average, 95 percent of the available funding in the existing programs has been committed to approved projects. The goal is to fully commit all available funding without compromising the quality of projects.

Goal 3 performance measures are summarized on the next page.

Goal 3: Foster Innovative Research and Development

Activities	Measures	Results			Targets			
		1999/00	2000/01	2001/02	2001/02	2002/03	2003/04	2004/05
Technology BC Forest Renewal BC Fisheries Renewal BC S&T Infrastructure Program Knowledge Development Fund	Completed projects that meet technical objectives (average of all programs)	90% ave.	91% ave.	**90%ave.**	**75%**	S&T Infrastructure Program Knowledge Development Fund Targets are to 100% subscription of funding and 75% of completed projects meet their technical objectives		
	Dollars leveraged (Technology BC)	1:1.4	1:1.6	**Program terminated**	**1:1.3**			
Revenue development	Complete foundation and investment feasibility studies	NA		**Proposed Foundation framework developed**	**Recommendation for implementation**	Approval and implementation		
GREAT & IBM scholarships	Number of students supported	86	79	66	**60**	Included under Goal 2		
	Scholarship funding	$1.5 M	$1.4 M	**$1.1 M**	**$1.1 M**			
	Leveraged funding (GREAT)	1:1.4		**1:1.2**	**1:1**			
Update Benchmark High-Tech Sector report	Publication of updated report	NA	Inaugural Report published	**No funding received**	**Secure funding**	Benchmarking included in research & analysis of key issues on innovative R&D: 2 published studies per year; at least 75% of readers rate reports useful		
R&D Hub initiative	Recruitment of BC proponents	NA	Initiative launched	**28 champions**	**20 champions**	25	30	35
Aquaculture R&D initiative	Funding commitments to support creation of program	NA	Program model developed	**$100,000 with 1:3 leverage**	**$100,000 with min. 1:1 leverage**	Coordination of government R&D investments based on new Science Council mandate		
	Secure contract to deliver program	NA		**Recovered all delivery cost**	**Recover all delivery costs**			
Science Council of BC Awards	Number of nominations	35–55 nominations per year		33	**50**	Increase 5% per year		
Program promotion	Program funding subscribed	100%		**95%**	**100%**	100%		

Goal 4: Increase Awareness of Science and Technology Opportunities

Programs

The Science Council plays a crucial role in encouraging young people all over the province to pursue careers in S&T. One way to do this is to recognize student achievements at the BC Regional Science Fair. The Science Council presents an annual award to the student whose project makes an outstanding contribution to BC's economic development and quality of life. Each of the 13 provincial regions is recognized with one award every year. This award will be continued, together with the award honouring the teacher who has contributed most to the development of the regional science fair program.

Skills Development, Research and Analysis

Research and analysis of key issues relating to employment opportunities and barriers on science and technology were carried out. While the target was to complete two studies, six were completed. These were: Work/life balance and business practices in the high-technology sector, evaluation studies of Technology BC and GREAT, the development of the aquaculture R&D framework, the AquaForum evaluation and proceedings and the co-ordinated communication strategies for aquaculture R&D. During the next three years, the conduct of research and analysis related to the Science Council's four goals will be expanded and closely linked to government policy discussions and development.

The Science Council also supported events designed to encourage increased participation by under-represented groups in S&T careers. For example, a networking and educational forum for women in S&T careers, organized by the Women in Technology group (BC Technology Industries Association), was very well received. Participants rated these events 85 percent satisfactory. This is higher than the target of 67 percent, based on participants rating the event satisfactory or very satisfactory.

S&T Awareness

Corporate awareness efforts focused on the promotion of success stories related to beneficiaries of Science Council programs. There were 17 media success stories; less than targeted. This was due to scaled back efforts to promote and generate funding applications for the Technology BC Program, where funding was put on hold.

Likewise, because of anticipated changes in the funding programs delivered by the Science Council, client and market surveys to assess perceived value of programs and needs for Science Council support were deferred. These studies are planned for the future, as new programs become operational.

Electronic publishing became more important as the *e-Synapse* newsletter was published electronically for the first time in June 2001. *e-Synapse* was also redesigned to respond to the unique needs and interests of Science Council client groups. Distribution was based on demand or subscriber requests. The 1,781

subscribers of e-*Synapse* during its first year will serve as a baseline. This year's target of 2,500 has been reset for the following year.

The importance placed on S&T issues by target audiences was established as a measure of increasing awareness of S&T as a business and economic driver in BC. The first step of defining target audiences was completed as planned. Communications plans will target opinion makers in the business and academic communities, and the technology and business media.

Web site activities became increasingly important with the shift to e-*Synapse* as well as electronic publishing of Science Council reports and studies. By March 2002, there were 5,600 unique visitors per month to the Science Council Web site. This was higher than the target of 2,000, indicating increased interest and awareness of Science Council activities.

The Science Council of BC Awards garnered seven media stories, more than the expected five. Ticket sales were exceeded by eight percent as additional attendees were accommodated. Sponsorships reached the target increase of five percent, amounting to a total of $106,000.

Public events organized by the Science Council are designed to focus public awareness on specific aspects of S&T issues. Besides the awards dinner, the Concept to Company event was organized to bring together experts in early stage product marketing. They contributed expert advice on financing, intellectual property protection, and company start-up issues to assist entrepreneurs in taking their concept to the marketplace. In both events, 81 percent of participants rated the event satisfactory or very satisfactory.

Volunteers are key to the quality and success of Science Council programs. The target was to retain the 400 existing volunteers. Largely due to approximately a hundred additional volunteers involved in the various working groups of the aquaculture R&D initiative, the number for the year was actually higher.

Goal 4 performance measures are summarized on the next page.

Goal 4: Increase Awareness of S&T Opportunities

Activities	Measures	Results			Targets			
		1999/00	*2000/01*	*2001/02*	*2001/02*	*2002/03*	*2003/04*	*2004/05*
High school & science fair student awards	Number of awards	13 per year		13	13	Continue program with 26 awards per year for students and teachers		
Research & analysis of key issues relating to opportunities/barriers in S&T	Number of studies completed	4–5 per year		6	2	Research & analysis to be conducted under each goal. For Goal 4: 1 published study per year; at least 75% of readers rate report useful		
Initiatives to encourage increased participation by under-represented groups in S&T careers	Participant response to/rating of initiatives	BCTIA-WIT events		**85% rated events satisfactory or better**	**67% rate good or better**	Combined with initiatives to encourage increased participation in S&T education and career under Goal 2		
Promoting success stories	Earned media	About 68 media clippings per year		**17 success stories**	**45 success stories**	20	25	25
Client & market survey: value of funded programs, needs assessment	Complete survey	NA		**Deferred**	**Establish baseline**	To be covered under Goal 4 research and analysis		
Electronic publishing of "Synapse"	Number of subscribers	About 7,500 hard copies distributed		**1,781 eSynapse subscribers**	**2,500 eSynapse subscribers**	2,500	3,000	>3,000
Increase awareness of S&T as business/economy driver	Importance placed on S&T among target audiences	NA		**Target audiences defined**	**Define audiences & profile**	Used as basis for developing and implementing communications plan		
Web site	Number of unique visitors per month	About 2,000 unique visitors/month		**5,626**	**2,000**	2,200	2,500	2,800
Science Council of BC Awards	Earned media coverage	5 stories per year		**7 stories**	**5 stories**	To be covered under promotion of success stories		
	Award sponsorships	$73,000	$100,500	**Increased 5%**	**Increase 5%**	100% cost recovery		
	Attendance	800 attendees per year		**108% ticket sales**	**100% ticket sales**	100% ticket sales		
Public events organized by SCBC	Attendee satisfaction	Average 6 events organized per year		**81% rated event satisfactory or better**	**67% rate good or better**	75%	80%	>80%

Goal 4: Increase Awareness of S&T Opportunities

Activities	Measures	Results			Targets			
		1999/00	*2000/01*	***2001/02***	***2001/02***	*2002/03*	*2003/04*	*2004/05*
Volunteer recruitment	Number of volunteers	360–400		**531**	**4 00**	Volunteer and sponsor recruitment: at least 75% rate their experience and/or involvement satisfactory or better		
	Average tenure	3		**3**	**3**			

Financial Report

Management Discussion and Analysis

The Science Council's financial statements for 2001/02 have begun to reflect the impact of the decisions resulting from the core services and business subsidies review process. The provincially funded Technology BC program, along with other research programs administered by the Council (Forest Renewal BC, Fisheries Renewal BC and the Green Economy Development Fund) have been terminated.

The impact on the financial statements for this and future years is that there will be fewer flow-through awards funds represented on the statements and consequently, lower levels of revenues and expenditures. On the Statement of Financial Position, the impact of the terminated programs is reflected in the reduced amounts for Awards Receivable and Accrued Awards Payable compared to the previous year. The financial position of the Council continues to be strong as indicated by the current ratio (ratio of current assets to current liabilities) of 1.26 versus a 1.10 ratio in the previous year.

A result of the above changes is that the Science Council is shifting away from a mainly program delivery role. Staff levels, along with other overhead costs such as rent, will be reduced in the next fiscal year, as the cancelled programs are wound-down. The Statement of Operations will have a different look as the majority of expenditures will be for salaries and rent compared to program awards in prior years.

This fiscal year also represents the final year of utilization of previously generated reserves. In prior years, these reserves were available to partially fund the Science Council's operations. As these reserves are no longer available, future years' operations must match the level permitted by the funding provided by the Ministry through the base operating budget.

The Audited Financial Statements for the Science Council are provided as Attachment 1.

Corporate Governance

Board Members
(includes all members who served between April 1, 2001 to March 31, 2002)

Mr. Monty Little, Chair,
President
Syndel Laboratories Ltd.
Vancouver
Chair to January 2002

Mr. Bob de Wit
Director, University/Industry Liaison
Technical University of British Columbia
Surrey
Member to January 2002

Ms. Melinda Entwistle
Customer DVM Manager
BC Hydro
Vancouver
Member to January 2002

Ms. Gillian Gerhard
Lecturer
Integrated and Coordinated Science Programs
University of British Columbia
Vancouver
Member to October 2001

Dr. Michael Levy
Vice President
Research and Development
NewHeights Software Corp.
Victoria

Ms. Hiromi Matsui
Director, Diversity and Recruitment
Faculty of Applied Sciences
Simon Fraser University
Burnaby
Member to February 2002

Ms Dawn Miller
Executive Director
Innovation Resource Centre,
Prince George

Dr. Deborah Poff
Vice-President, Academic
University of Northern British Columbia
Prince George
Member to January 2002

Dr. Jim Reichert,
President
Science Council of British Columbia
Burnaby

Dr. Don Rix
Chairman
MDS Metro Laboratory
Burnaby

Dr. Neil Russell
Vice President, Instruction
University College of the Cariboo
Kamloops
Appointment term expired March 2001

Mr. Brent Sauder
Executive Director
BC Advanced Systems Institute
Vancouver
Member to November 2001

Dr. Norman Streat
Director, Technology Centre
Technology Centre
British Columbia Institute of Technology
Burnaby
Appointment term expired March 2001

Ms. Claudia Trudeau
Executive Director
Kootenay Association for Science and Technology
Rossland

Dr. Tim Walzak
President & CEO
Innovation & Development Corp.
University of Victoria
Victoria
Member to January 2002

Board Duties

The board serves in the following capacities:

- Setting the strategic direction.
- Recruiting, empowering and monitoring the President and senior management.
- Shepherding/safeguarding the corporation's resources including approving major financial decisions.
- Measuring corporate performance and accounting regularly to the stakeholder including complying with applicable laws.

The 15 volunteer members of the Science Council board are appointed by the government through Order-in-Council. The government also designates the chair from among the board members. The board members are appointed for a term of not more than three years. No board member may serve more than six consecutive years.

The chair is the head of the board, and reports to the board and, through the Minister of Competition, Science & Enterprise, to the British Columbia legislature. The lead management position at the Science Council is the President and Chief Executive Officer, whose role encompasses both personnel and operational issues.

Board Committees

The Board has two operating committees:

1) The Audit Committee reviews and recommends the acceptance of annual financial statements and the Auditor's Report. The Audit Committee helps to ensure that internal controls are properly designed and performed and that the external audit function

has been effectively carried out. The Committee also appoints the Council's auditors.

Members: Mr. Brent Sauder (Chair), Mr. Monty Little and Ms. Melinda Entwistle.

2) Planning & Priorities Committee manages strategic planning and budgeting. It overseas the analysis of Council's key internal policy issues and reviews recommendations for Council action that are derived from this analysis. The Planning and Priorities Committee also reviews the work plans and budgets of various program committees prior to presentation to the board.

Members: Mr. Monty Little (Chair), Dr. Deborah Poff, Ms. Gillian Gerhard, Dr Don Rix, Ms. Hiromi Matsui, Dr. Norman Streat, Dr. Neil Russell and Dr. Tim Walzak.

Management Committee Members
(as of March 31, 2002)

Dr. Jim Reichert, President and CEO

Dr. Max Cairns, Vice President

Dr. Uschi Koebberling, Director, Planning and Analysis

Mr. Gary Kuno, Director, Finance and Administration

Ms. Bernadette Mah, Programs Manager, Science and Technology Programs

Ms. Cindy Lum, Office Manager/Council Coordinator

Glossary

Earned Media – indicates frequency of media coverage that refers to the Science Council within the context of a story.

Innovation – refers both to the outcome and the creative process of applying knowledge to the development of new products and services or to new ways of designing, producing or marketing an existing product or service for public and private markets. As an outcome, there is the characteristic of newness in innovations — a world first, new to Canada or simply new to the organization that applies them. As a process, there is the existence of many and important links which connect the prototype of a product or service with the market place.

Innovation Economy – an economy whose primary source of wealth creation is knowledge and innovation. Growth in an innovation economy is not limited by capital or labour but is sustained by the ability to generate new ideas and translate them into highly valued outputs.

Leverage – matching funds or in-kind contributions made by recipients of Science Council grants or by Science Council partners in joint activities.

Participant or Client Ratings – participants' or clients' satisfaction with events or initiatives measured through a survey. It reflects the effectiveness or success of the event or initiative.

Program Funding Subscribed – percentage of program funds available for the year that has been committed to projects.

Related Scientific Activities – major activities are education support, information services, special services and studies, technical surveys, statistical surveys, and museum services.

Research and Development – creative work undertaken on a systematic basis to increase the stock of knowledge, including the knowledge of people, culture and society, and use of this stock of knowledge to devise new applications.

R&D Hub Champions – senior business executives who have committed to promote the business cost advantages and quality of R&D infrastructure and researchers in BC with their counterparts in Asia and/or support the promotion of BC in the course of their international business activities.

Science and Technology – includes two distinct but linked sets of activities, namely, research and development and related scientific activities.

Science and Technology Awareness - attitudes and predisposition towards science and technology which are based on beliefs and feelings and are manifest in a series of skills and behavioural intentions from a desire to access scientific and technological knowledge, confidence to explore ramifications of that knowledge, understanding of key ideas/products and how they came about, to evaluation of the status of scientific and technological knowledge and its significance for personal, social and economic life.

Science and Technology Careers – professional and technical occupations in the natural and applied sciences.

Science Council Volunteers – persons who contribute valuable expertise by serving in the Science Council's board of directors, peer review committees, program advisory committees and special project groups. Their involvement reflects effectiveness in involving community support for Science Council activities.

Subscriber Demand and Use – requests received for reports and publications and follow-up through reader surveys of the usefulness of the reports and publications.

Unique Web site Visitors – persons visiting the website for the first time in any given day and indicates interest in and awareness of the Science Council's Web site and activities.

SCIENCE COUNCIL OF BRITISH COLUMBIA

FINANCIAL STATEMENTS

31 MARCH 2002

SCIENCE COUNCIL OF BRITISH COLUMBIA

Financial Statements

For the Year Ended 31 March 2002

Contents

Auditors' Report	2
Statement of Financial Position	3
Statement of Appropriations	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 9

ROLFE, BENSON

CHARTERED ACCOUNTANTS

1400 – 900 West Hastings Street
Vancouver, B.C. V6C 1E3
Telephone: 604-684-1101 Fax: 604-684-7937
E-mail: admin@rolfebenson.com

DAVID R.L. ROLFE, F.C.A. *
KENNETH E. MITCHELL, C.A. *
SHAMASH G. VALJI, C.A. *
ROBERT N. WATTS, B.B.A., C.A. *
BRIAN J. KERR, C.A. *
GREG W. LONSBROUGH, C.A. *
JAMES G. McCULLOCH, B.Comm, C.A. *
T.M.W. SAXVIK, B.B.A., C.A. *
EUAN M. KIRKWOOD, C.A.
WILLIAM J. HODGSON, B.Sc., C.A.

* Denotes professional corporation

AUDITORS' REPORT

To the Board of Directors of the Science Council of British Columbia and
to the Minister of Competition, Science and Enterprise

We have audited the statement of financial position of Science Council of British Columbia as at 31 March 2002 and the statements of operations and appropriations, and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at 31 March 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Rolfe, Benson

CHARTERED ACCOUNTANTS

Vancouver, Canada
10 May 2002

SCIENCE COUNCIL OF BRITISH COLUMBIA
Statement of Financial Position
31 March 2002

	Base	Technology B.C.	Forest Renewal B.C.	B.C. STIP	Fisheries Renewal B.C.	Capital Assets	Total 2002	Total 2001
	$	$	$	$	$	$	$	$
Assets								
Current								
Cash and short-term investments	5,764,815	-	2,122,724	-	-	-	7,887,539	5,060,537
Accounts receivable	110,888	-	-	-	-	-	110,888	125,881
Awards and contributions receivable	222,318	-	1,453,225	140,853	-	-	1,816,396	10,752,518
Interest receivable	35,142	-	-	-	-	-	35,142	46,296
Prepaid expenses	40,156	-	-	-	-	-	40,156	43,834
Due from base	-	2,418,706	4,403,542	47,178	27,320	12,000	6,908,746	4,754,898
	6,173,319	2,418,706	7,979,491	188,031	27,320	12,000	16,798,867	20,783,964
Capital assets (Note 3)	-	-	-	-	-	192,191	192,191	269,282
	6,173,319	2,418,706	7,979,491	188,031	27,320	204,191	16,991,058	21,053,246
Liabilities								
Current								
Accounts payable and accrued liabilities	101,658	-	-	-	-	-	101,658	239,846
Accrued awards and projects	473,242	440,995	5,177,300	188,031	27,645	-	6,307,213	13,744,389
Deferred revenue	-	-	-	-	-	-	-	123,513
Due to restricted funds	6,908,746	-	-	-	-	-	6,908,746	4,754,898
	7,483,646	440,995	5,177,300	188,031	27,645	-	13,317,617	18,862,646
Appropriations								
Invested in capital assets	-	-	-	-		204,191	204,191	269,282
Externally restricted	(1,310,327)	1,977,711	-	-	(325)	-	667,059	369,828
Unrestricted	-	-	2,802,191	-	-	-	2,802,191	1,551,490
	(1,310,327)	1,977,711	2,802,191	-	(325)	204,191	3,673,441	2,190,600
	6,173,319	2,418,706	7,979,491	188,031	27,320	204,191	16,991,058	21,053,246

APPROVED BY THE COUNCIL

.....Member

.....Member

The accompanying notes are an integral part of these financial statements.

SCIENCE COUNCIL OF BRITISH COLUMBIA
Statement of Appropriations
For the Year Ended 31 March 2002

	Base	Technology B.C.	Forest Renewal B.C.	B.C. STIP	Fisheries Renewal B.C.	Capital Assets	Total 2002	2001
	$	$		$	$	$	$	$
Appropriations - beginning of year	(700,751)	1,046,119	1,539,490	-	24,460	281,282	2,190,600	2,492,443
Excess (deficiency) of revenue over expenditures after reductions	(589,793)	931,592	1,262,701	35	(24,785)	(96,909)	1,482,841	(301,843)
Transfers	(19,783)	-	-	(35)	-	19,818	-	-
Appropriations - end of year	(1,310,327)	1,977,711	2,802,191	-	(325)	204,191	3,673,441	2,190,600

The accompanying notes are an integral part of these financial statements.

SCIENCE COUNCIL OF BRITISH COLUMBIA
Statement of Operations
For the Year Ended 31 March 2002

	Base	Technology B.C.	Forest Renewal B.C.	B.C. STIP	Fisheries Renewal B.C.	Capital Assets	Total 2002	2001
	$	$		$	$	$	$	$
Revenue								
Contributions from the Information, Science and Technology Agency								
Base budget	2,088,334	-	-	-	-	-	2,088,334	2,090,000
Green Economy	22,865	-	-	-	-	-	22,865	3,083,741
Technology B.C.	-	1,023,250	-	-	-	-	1,023,250	4,000,000
Aquaculture - R&D	-	-	-	-	-	-	-	110,200
Aquaculture - Program	27,457	-	-	-	-	-	27,457	44,400
ECO-Design	125,686	-	-	-	-	-	125,686	19,487
Forest Renewal B.C.	-	-	14,830,095	-	-	-	14,830,095	13,129,479
B.C. STIP	-	-	-	23,202	-	-	23,202	349,276
Fisheries Renewal B.C.	-	-	-	-	213,131	-	213,131	299,353
I.B.M. Development Scholarship	79,500	-	-	-	-	-	79,500	115,000
Special projects	5,000		-	-	-	-	5,000	8,778
Student Summer Works	-	-	-	-	-	-	-	446,063
Interest	148,004	112,627	-	6,127	292	-	267,050	487,305
Other income	192,304	5,556	-	-	-	-	197,860	150,138
	2,689,150	1,141,433	14,830,095	29,329	213,423	-	18,903,430	24,333,220
Expenditures								
Science & Technology Award Programs								
Technology B.C.	-	754,140	-	-	-	-	754,140	3,313,004
Human Resource Award Programs								
GREAT	951,936	-	-	-	-	-	951,936	1,222,173
Student Summer Works	-	-	-	-	-	-	-	388,609
Forest Renewal B.C. Award Programs								
Forest Renewal B.C.	-	-	13,696,006	-	-	-	13,696,006	13,342,596
Wood Products Internship	-	-	-	-	-	-	-	13,500
B.C. STIP	-	-	-	123,125	-	-	123,125	368,718
Fisheries Renewal B.C.	-	-	-	-	209,561	-	209,561	262,707
I.B.M. Development Scholarship	115,000	-	-	-	-	-	115,000	115,000
Green Economy	2,686	-	-	-	-	-	2,686	3,083,741
ECO-Design	125,693	-	-	-	-	-	125,693	19,487
Communications and recognition	226,971	-	-	-	-	-	226,971	308,661
Special projects	17,780	-	-	-	-	-	17,780	155,009
Science fair recognition	54,064	-	-	-	-	-	54,064	-
Aquaculture	108,325	-	-	-	-	-	108,325	27,469
International	5,209	-	-	-	-	-	5,209	36,330
Operations	1,686,684	250,530	480,319	8,715	40,461	96,909	2,563,618	2,924,788
Interest expense	-	-	3,067	-	-	-	3,067	101,385
	3,294,348	1,004,670	14,179,392	131,840	250,022	96,909	18,957,181	25,683,177
Excess (deficiency) of revenue over expenditures	(605,198)	136,763	650,703	(102,511)	(36,599)	(96,909)	(53,751)	(1,349,957)
Reduction in commitments and refunds	15,405	794,829	611,998	102,546	11,814	-	1,536,592	1,048,114
Excess (deficiency) of revenue over expenditures after reductions	(589,793)	931,592	1,262,701	35	(24,785)	(96,909)	1,482,841	(301,843)

The accompanying notes are an integral part of these financial statements.

SCIENCE COUNCIL OF BRITISH COLUMBIA
Statement of Cash Flows
For the Year Ended 31 March 2002

	Base	Technology B.C.	Forest Renewal B.C.	B.C. STIP	Fisheries Renewal B.C.	Capital Assets	Total 2002	Total 2001
	$	$		$	$	$	$	$
Cash provided for (used in):								
Operating activities								
Excess (deficiency) of revenues over expenditures after reductions	(589,793)	931,592	1,262,701	35	(24,785)	(96,909)	1,482,841	(301,843)
Add (deduct) transfers	(19,783)	-	-	(35)	-	19,818	-	-
Excess (deficiency) of revenues over expenditures after reductions and transfers	(609,576)	931,592	1,262,701	0	(24,785)	(77,091)	1,482,841	(301,843)
Add (deduct) non-cash transactions	-	-	-	-	-	96,909	96,909	101,191
Changes in non-cash working capital balances								
Accounts receivable	14,993	-	-	-	-	-	14,993	128,262
Awards and contributions	3,144,248	1,425,967	4,359,109	(23,202)	30,000	-	8,936,122	(4,161,717)
Interest receivable	11,154	-	-	-	-	-	11,154	43,132
Prepaid expenses	3,678	-	-	-	-	-	3,678	(43,709)
Accounts payable	(138,188)	-	-	-	-	-	(138,188)	66,261
Accrued awards and projects	(3,334,562)	(2,994,613)	(847,448)	(227,197)	(33,356)	-	(7,437,176)	(636,274)
	(908,253)	(637,054)	4,774,362	(250,399)	(28,141)	19,818	2,970,333	(4,804,697)
Investing activities								
Purchase of capital assets	(19,818)	-	-	-	-	-	(19,818)	(41,704)
Financing activities								
Deferred revenue	(123,513)	-	-	-	-	-	(123,513)	123,513
Net increase (decrease) in cash	(1,051,584)	(637,054)	4,774,362	(250,399)	(28,141)	19,818	2,827,002	(4,722,888)
Cash position - beginning of year	4,642,733	-	417,804	-	-	-	5,060,537	9,852,528
Interfund transfers	2,173,666	637,054	(3,069,442)	250,399	28,141	(19,818)	-	(69,103)
Cash position - end of year	5,764,815	-	2,122,724	-	-	-	7,887,539	5,060,537
Represented by:								
Cash and short term investments	5,764,815	-	2,122,724	-	-	-	7,887,539	5,060,537

The accompanying notes are an integral part of these financial statements.

1. Statement of Purpose

The Science Council of British Columbia was established in 1978 under the Science Council of British Columbia Act. In 1989, the Science Council of British Columbia and the Secretariat on Science, Research and Development were amalgamated pursuant to the Science Council Act, Chapter 77, and continued as the Science Council of British Columbia ("Science Council").

Under Section 13 of the Science Council Act, directors, officers and employees have certain immunities in the exercise of their duties carried out in connection with the Science Council.

The Science Council's mission is to promote economic development and enhance the quality of life in British Columbia through innovative applications of science and technology. The following funds are represented in the financial statements:

(a) Base

The Base fund accounts for the Science Council's general program delivery and administrative activities, including GREAT scholarships, on behalf of the Science, Technology and Telecommunications Division of the Ministry of Competition, Science and Enterprise.

(b) Technology B.C.

The purpose of the Technology B.C. program is to stimulate scientific research and the use of technology applicable to economic development in the province by providing funding for applied research and development in various economic sectors and in eligible technologies, on behalf of the Science, Technology and Telecommunications Division of the Ministry of Competition, Science and Enterprise.

(c) Student Summer Works

This program is a Youth Options B.C. initiative which creates opportunities for work experience and skills training for youth and improves access to post secondary education. This is done by subsidizing wages paid by employers to high school and post secondary students during summer employment, on behalf of Ministry of Advanced Education Training and Technology (MAETT).

(d) Forest Renewal B.C. (FRBC)

The purpose of the FRBC research program is to fund research and development projects, that add to the knowledge base needed to sustain the full range of resources and values derived from the forest, and to build a more productive provincial forest sector, on behalf of Forest Renewal B.C.

(e) B.C. Science & Technology Infrastructure Program (B.C. STIP)

This program provides funds to institutions in order to assist them in the preparation of proposals for funding to the Canada Foundation for Innovation (CFI). Successful applications are required to have CFI funds matched by income from other sources, and this program also provides a portion of those funds, on behalf of Discovery Foundation.

1. Statement of Purpose - Continued

(f) Fisheries Renewal B.C. (F.S.R.B.C.)

The purpose of the F.S.R.B.C. research program is to fund research and development projects which will assist in the rebuilding of the fisheries industry in B.C.

(g) Capital Assets

This fund accounts for capital assets acquired by the Science Council.

(h) Cancelled Programs

The following programs have been cancelled as of or before 31 March 2002:

- Technology BC
- Forest Renewal BC
- Fisheries Renewal BC
- Student Summer Works

There will be no new activity in these funds after 31 March 2002.

2. Accounting Policies

(a) Financial Instruments

The Science Council's financial instruments consist of cash and short-term investments, accounts receivable, awards receivable, accounts payable and accrued awards and projects payable. Unless otherwise noted, it is management's opinion that the Science Council is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

(b) Basis of Accounting for Revenues, Expenditures and Appropriations

The Science Council follows the restricted fund method of accounting for contributions under which separate details of the financial statement elements are reported as either restricted or unrestricted.

Award revenues are accounted for in the year the government organization commits to disburse the award amounts to the Science Council.

Full provision is made for all accrued liabilities at 31 March 2002, including outstanding Program commitments payable within the following year, which are accrued when committed.

(c) Restricted and Unrestricted Appropriations

No provision has been made for future operational expenses required for normal delivery of existing programs.

(d) Short-term Investments

Short-term investments are recorded at the lower of cost and market value.

2. Accounting Policies - Continued

(e) Capital Assets

Capital assets with a value greater than $2,000 are recorded at cost and amortization is provided for at the following annual rates:

Furniture, fixtures and equipment	20%	declining balance
Computer hardware and software	33 1/3%	declining balance
Leasehold improvements	70	months straight-line

3. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2002	Net Book Value 2001
Furniture, fixtures and equipment	$ 44,945	$ 30,806	$ 14,139	$ 17,673
Computer hardware and software	347,504	262,478	85,026	102,767
Leasehold improvements	325,592	232,566	93,026	148,842
	$ 718,041	$ 525,850	$ 192,191	$ 269,282

The capital asset fund balance comprises the following:

	2002	2001
Transfers from other programs, included in operations expenditures in those programs.	$ 392,449	$ 372,631
Non-repayable tenant inducement amortized over the remaining term of the premises lease.	125,000	125,000
Tenant inducements, to be repaid over the lease term as an increase in monthly premises rental payments, amortized over the remaining term of the premises lease. As at 31 March 2002, $63,042 remains to be amortized.	200,592	200,592
	718,041	698,223
Less: Accumulated amortization	(525,850)	(428,941)
	$ 192,191	$ 269,282

4. Commitments

The Science Council is committed to lease office premises until 31 January 2004 at a monthly rental of approximately $37,964. The Science Council is also committed to lease two photocopiers until 31 December 2003 at a monthly rental of approximately $1,537. During the year, the Science Council committed to lease a fax machine until 31 August 2002 at a monthly rental of $105.

Total commitments for the next five fiscal years are as follows:

2003	$ 469,401
2004	379,644
	$ 849,045